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Supreme Court, U.S.
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No. 03-1291

IN THE

Supreme Court of the United States

FREDERICK E. BOUCHAT,

Petitioner,

v.

BALTIMORE RAVENS, INC. and
NATIONAL FOOTBALL LEAGUE PROPERTIES, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED[1]

1. Whether Section 504(b) of the Copyright Act prohibits a defendant from ever obtaining summary judgment on a claim for profits, even where the plaintiff has failed to raise a genuine issue of material fact that any such profits were attributable to plaintiff's copyrighted work?

2. Whether, under Section 504(b) of the Copyright Act, the District Court abused its discretion by instructing the jury that Defendants were required to prove that their profits were attributable to factors other than their use of the copyrighted work and that Defendants carried the burden of proof throughout the entire damages phase of the proceeding?

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1. Pursuant to Supreme Court Rule 15, because Defendants believe that the Petition mischaracterizes the questions presented, Defendants submit a formulation that more accurately describes the issues Plaintiff raises in this Court.

STATEMENT PURSUANT TO RULE 29.6

Respondent National Football League Properties, Inc. (now named NFL Properties LLC) states that its parent corporation is NFL Enterprises LP, and no publicly held company owns 10% or more of the stock of NFL Properties LLC.

Respondent Baltimore Ravens, Inc. states that it has no parent corporation, and that no publicly held company owns 10% or more of its stock.

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Defendants Baltimore Ravens, Inc. ("Ravens") and National Football League Properties, Inc. ("NFLP" and, collectively with the Ravens, "Defendants") respectfully submit this response to plaintiff Frederick E. Bouchat's ("Plaintiff") Petition for Writ of Certiorari ("Petition").[1]

REFERENCE TO OPINIONS BELOW

Defendants concur with Plaintiff's citation of the opinions below with the following exceptions: the decision of the United States Court of Appeals for the Fourth Circuit, reported as *Bouchat* v. *Baltimore Ravens Football Club, Inc.*, 346 F.3d 514 (4th Cir. 2003) (Pet. App. 1a-31a), was not a "split" decision. Rather, the panel, consisting of Judges Wilkinson, King, and Widener, unanimously affirmed the District Court's summary judgment, pretrial and trial rulings. Judge Widener's dissent was limited to the issue of one of the trial court's jury instructions concerning the apportionment of profits. Defendants also refer this Court to the denial of Plaintiff's Petition for Rehearing *en banc* by a vote of 11-1 (with one recusal). (Pet. App. 113a-114a.)

STATUTE AND RULES INVOLVED IN THE CASE

A. Title 17 U.S.C. § 504(b)

> (b) Actual damages and profits. The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that

are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

B. Fed. R. Civ. P. 56(b) and (c)

(b) For Defending Party. A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory judgment is sought may, at any time, move with or without supporting affidavits for a summary judgment in the party's favor as to all or any part thereof.

(c) Motion and Proceedings Thereon. The motion shall be served at least 10 days before the time fixed for hearing. The adverse party prior to the day of hearing may serve opposing affidavits. The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. A summary judgment, interlocutory in character, may be rendered on the issue of liability alone although there is a genuine issue as to the amount of damages.

INTRODUCTION

Reduced to its essence, the Petition calls upon this Court to eliminate the gatekeeping role of the trial court through summary judgment whenever a plaintiff seeks defendants' profits under Section 504(b) of the Copyright Act. While Section 504(b) shifts the burden of proof to defendants, it clearly does not trump well-settled summary judgment jurisprudence and guarantee a copyright plaintiff that its claims for defendants' profits (no matter how weak) will automatically be decided by a jury.

This case turned on the evidence presented in the trial court and the proper application of well-established summary judgment principles, not on any legal controversy or conflict arising under the Copyright Act. Specifically, the District Court and the jury were faced with determining the amount of Plaintiff's claimed damages from the infringement of his copyrighted work. Plaintiff made a tactical decision not to seek statutory damages pursuant to Section 504(c) or any actual damages pursuant to the first sentence of Section 504(b). Instead, Plaintiff relied solely on a claim for a stake in Defendants' profits earned while the logo at issue (referred to by the parties as the "Flying B Logo") was in use.[2] Notwithstanding that Section 504(b) explicitly permits recovery only of profits "attributable to the infringement," Plaintiff claimed he was entitled to recover virtually every dollar earned by Defendants during the years they used the Flying B Logo. Thus, Defendants filed motions for partial summary judgment seeking to exclude revenue sources that were unrelated to Defendants' use of the logo – for instance, revenue from stadium parking, game broadcasts and ticket sales.

2. 17 U.S.C. § 504(b).

In response, instead of submitting evidence creating a genuine issue of fact for trial, Plaintiff argued, as here, that, even if there was no issue of fact for the jury to determine, he was automatically entitled to present such claims to a jury pursuant to the presumption afforded to him by Section 504(b). The Fourth Circuit and the District Court, relying on long-established principles of summary judgment and applicable Section 504(b) jurisprudence, granted Defendants' summary judgment motions as to certain revenue streams presenting either (i) no conceivable connection to the logo at issue; or (ii) no genuine issue of material fact as to any connection to the logo. It is this most basic and well-settled role of the trial court as a gatekeeper against factually unsupported claims not worthy of jury consideration of which Plaintiff seeks review here.

Plaintiff claims that the Fourth Circuit's holding that a copyright plaintiff must show a conceivable connection between the infringement and the revenue claimed is contrary to this Court's precedent and in conflict with other Circuits. To the contrary, that holding is in accord with precedent of this Court and all other Circuit Courts that have addressed this issue. *See, e.g.*, *Sheldon* v. *Metro-Goldwyn Pictures Corp.*, 309 U.S. 390 (1940) (copyright plaintiff only entitled to profits attributable to copyrighted work); *On Davis* v. *The Gap, Inc.*, 246 F.3d 152, 160 (2d Cir. 2001) (gross revenue under Section 504(b) means gross revenue attributable to the infringement); *Taylor* v. *Meirick*, 712 F.2d 1112, 1122 (7th Cir. 1983) ("If General Motors were to steal your copyright and put it in a sales brochure, you could not just put a copy of General Motor's corporate income tax return in the record and rest your case for an award of infringer's profits."); *Andreas* v. *Volkswagen of Am., Inc.*, 336 F.3d 789 (8th Cir. 2003) (plaintiff must show nexus between

infringement and revenue claimed); *Mackie* v. *Rieser*, 296 F.3d 909, 914-16 (9th Cir. 2002), *cert. denied*, 537 U.S. 1189 (2003) (plaintiff must show causal connection between infringing act and revenue claimed); *Univ. of Colo. Found., Inc.* v. *Am. Cyanamid Co.*, 196 F.3d 1366, 1375 (Fed. Cir. 1999) (plaintiff has the burden to demonstrate a nexus between the infringement and the indirect profits before apportionment can occur). Accordingly, there is no inconsistent application of copyright law among the Circuits warranting review by this Court.

To the extent there is any question, the trial court's summary judgment rulings were proved correct by the jury decision. As to all revenue streams presenting a triable issue of fact, the jury found that Defendants had proven by a preponderance of the evidence that all of the revenue generated from those revenue streams (a total sum of over two and one half million dollars) was attributable to factors other than the copyright value of the Flying B Logo. Like Plaintiff's failures at the summary judgment stage, this verdict had everything to do with the evidence.

While Defendants submitted abundant evidence, consistent with common sense and experience, that a fan purchases his or her team's merchandise for myriad reasons other than the artwork of the team's logo (such as team loyalty, on-field performance and the team's and league's goodwill), Plaintiff submitted virtually no evidence in support of his claims, relying (as at summary judgment) almost entirely on the fact that the Defendants bore the burden of proving which of its profits conceivably connected to the logo were in fact attributable to other factors. Under these actual trial conditions, the verdict is hardly surprising.

Finally, Plaintiff does not even attempt to present any compelling reason why this Court should review the jury charges. The Fourth Circuit properly held that the District Court clearly instructed the jury multiple times during the trial that Defendants bore the burden of proof throughout the trial. Plaintiff simply has failed to identify a conflict in the Circuits, a conflict with this Court's precedent, or any other basis that would merit review of the jury instructions by this Court. Accordingly, the Petition should be denied.

STATEMENT OF THE CASE

A. Liability Phase: One of Three Claims Survives

Plaintiff commenced this action seeking $10,000,000 in damages in the District Court of Maryland, alleging that NFLP and the Ravens had infringed his copyright in three different drawings. The District Court bifurcated the liability and damages phases of the trial. The liability trial resulted in a verdict that NFLP and the Ravens were not liable for infringement of two of Plaintiff's drawings, but that a third drawing (the Flying B Logo drawing) was infringed by one of the Ravens' logos. On appeal, a divided panel of the Fourth Circuit affirmed the single verdict of infringement. *Bouchat* v. *Baltimore Ravens, Inc.*, 228 F.3d 489 (4th Cir. 2000). Plaintiff did not appeal from the two verdicts of non-infringement. A divided Fourth Circuit narrowly denied rehearing *en banc*, *Bouchat* v. *Baltimore Ravens, Inc.*, 241 F.3d 350, 365-66 (4th Cir. 2001) (with 5 judges voting for rehearing, 4 declining, and 1 abstaining), and this Court denied Defendants' petition for writ of *certiorari*. *Baltimore Ravens, Inc.* v. *Bouchat*, 532 U.S. 1038 (2001).

B. Damages Phase

Plaintiff pursued solely an award of Defendants' profits pursuant to Section 504(b) of the Copyright Act, failing to make a claim for actual or statutory damages. He steadfastly claimed that *all* of Defendants' profits during the period the logo was used were potentially recoverable by him, regardless of whether such profits were reasonably related to the Flying B Logo. For example, if a fan paid to park his car near a sign bearing the logo or bought a hot dog at a concession stand displaying the Flying B Logo while attending a game at Ravens Stadium, Plaintiff claimed that such revenue could be attributable to the Flying B Logo, and therefore such claim *must be* submitted to a jury. Thus, invoking the age-old mechanism of summary judgment in order to eliminate issues as to which there was no material factual dispute, NFLP and the Ravens moved for partial summary judgment to exclude revenue that bore no causal connection to the Flying B Logo.

1. Summary Judgment: The District Court Dismisses Plaintiff's Claims for Remote Revenue

In deciding Defendants' partial summary judgment motions, the District Court articulated the following principle:

> [A]ny profits attributable to the infringement, *i.e.*, attributable to the Defendants' use of the Shield Drawing to create the Flying B [L]ogo, would necessarily have to result from revenue generated *because of* the use of the Flying B [L]ogo. Revenues that were derived without regard to whether the Flying B logo was used could not be considered 'attributable to' the logo.

Bouchat v. *Baltimore Ravens, Inc.*, 215 F. Supp. 2d 611, 617 (D. Md. 2002) (Pet. App. 71a) (emphasis in original).

Plaintiff, however, despite numerous requests from the District Court and having had appropriate discovery, did not provide any rational explanation or evidence to show that the revenue was earned because of the presence of the logo. Thus, the District Court found that Plaintiff had advanced no "sensible argument . . . , much less evidence, that could support a conclusion that any . . . source of revenue [other than revenue generated from the sale of merchandise] could have been affected by the use of the Flying B [L]ogo." (Pet. App. 73a.)[3] Accordingly, the District Court – fulfilling its affirmative duty as gatekeeper – granted summary judgment dismissing profit claims as to all revenue streams except licensed merchandise and sponsorships. (Pet. App. 80a.)

Concerning sponsorship revenue, the District Court reserved ruling to permit Plaintiff further discovery. After additional discovery and further briefing failed to raise a genuine issue of material fact, the District Court supplemented its decision on summary judgment to eliminate sponsorship revenue from Plaintiff's potential pool of recovery on the same basis as that articulated in its prior decision. (Pet. App. 57a-62a.)

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3. Plaintiff cites the affidavit of Edwin Gold, a purported branding expert, as evidence ignored by the District Court. (Pet. at 5 n.1.) Gold's affidavit, however, focused exclusively on non-revenue generating activities and did not even attempt to causally connect Defendants' revenue to the work at issue. Indeed, Gold freely conceded that a logo's "primary and almost entire appeal to the public lies in its ability to permit a third party . . . to associate itself with the tremendous fame and goodwill of NFL football." (Pet. App. 170a.) In other words, it was the trademark (not the copyright) significance of the logo (to which Plaintiff contributed nothing) that drove revenues. Thus, Gold's testimony not only failed to support Plaintiff's argument of a causal connection between the logo and all revenue streams, it actually supported Defendants' argument that such revenue was attributable to factors other than the copyrighted art work.

Plaintiff then conducted additional document and deposition discovery of Defendants as to the remaining revenue. At the close of discovery, Defendants again moved for summary judgment to exclude certain other categories of remote revenue, such as revenue from video games and game programs, that were not attributable to the Flying B Logo. Though recognizing that Defendants shouldered the burden of proof, the District Court found that NFLP and the Ravens had produced unrebutted evidence establishing that such revenue was not attributable to the infringement. Although the District Court offered Plaintiff yet another opportunity to raise an issue of fact for trial, Plaintiff produced nothing else. Whereupon, the District Court found that Defendants had met their burden and granted partial summary judgment to Defendants. (Pet. App. 50a-51a.) Notwithstanding the District Court's grant of summary judgment, Plaintiff presented his claim to over two and a half million dollars in revenue from the sale of licensed merchandise to the jury at trial, as described *infra*.

2. Trial: The Jury Finds That the Remaining Profits Were Attributable Entirely to Factors Other Than the Flying B Logo

The parties proceeded to trial to determine the amount, if any, of Defendants' profits from licensed merchandise sales that were attributable to the logo or other factors. The amount of Defendants' profits was not in dispute so the trial focused exclusively on allocating between profits attributable to the Flying B Logo or other factors. To provide proper context, the District Court read an introductory statement to the jury drafted with considerable input from Plaintiff explaining that Plaintiff was the creator of the Flying B Logo, that he had certain rights with respect to the logo, and that Defendants

earned revenue from the sale of merchandise bearing the logo. (JA 560-70.) In addition, the District Court repeatedly instructed that Defendants bore and maintained the burden of proof. (JA 563-67.)

At trial, Defendants introduced evidence from each step of the revenue-generating process from executives in the licensing, manufacturing, and concessions industries, each of whom had considerable experience in the sales of licensed products bearing the trademarks of the NFL member clubs. At the consumer level, Defendants presented survey evidence and expert testimony showing that the Flying B Logo had no impact on Ravens merchandise sales because merchandise bearing any Ravens logo, or even just the name Baltimore Ravens, would sell equally as well.

In sharp contrast, Plaintiff failed to present *any* affirmative evidence at trial, relying instead entirely on the gambit that the jury would award him a significant percentage of the profits since it was Defendants' burden to prove that profits were attributable to factors other than the logo artwork. His direct case consisted solely of stating Defendants' gross revenue (which was not disputed), and showing the jury various items of Ravens' licensed merchandise bearing the Flying B Logo. The only witness Plaintiff called at trial was an expert witness called solely to rebut Defendants' expert and survey.

After the close of evidence, as before, the District Court repeatedly instructed the jury that Defendants bore the burden of proof. (JA 902-03; 908-14.) The simple three-question verdict form asked the jury to decide whether Defendants had proven by a preponderance of the evidence that revenue generated from the sale of merchandise bearing the Flying B Logo was attributable entirely to factors other than

Defendants' use of the logo, and if not, what percentage of such revenue Defendants' had proven was attributable to other factors. (Pet. App. 118a-120a.) After a full day of deliberations, the jury found that Defendants had carried their burden and demonstrated that all profits from these merchandise sales were attributable completely to factors other than the Flying B Logo. (Pet. App. 118a.) Following the verdict, judgment was entered by the District Court "determining that Plaintiff is not entitled to any monetary recovery from Defendants." (Pet. App. 47a-48a.)

C. The Fourth Circuit Affirms Given Plaintiff's Failure of Proof

On appeal, Plaintiff asserted that the District Court (1) erred in awarding partial summary judgment excluding revenue unrelated to Defendants' use of the logo, (2) abused its discretion by excluding prejudicial evidence,[4] and (3) abused its discretion by failing to make clear in its instructions that Defendants bore the burden of proving that their profits were not attributable to the infringement.

The Fourth Circuit first held that certain revenue streams lacked any conceivable connection to the Flying B Logo, and thus were properly excluded.[5] (Pet. App. 18a-19a.) With respect to certain revenue streams that did bear a conceivable connection ("Remote Revenue"),[6] the Fourth Circuit found

4. Plaintiff has abandoned this claim, which the Fourth Circuit unanimously rejected. (Pet. App. 25a n.12.)

5. The revenue streams excluded on this basis were free merchandise and minimum shortfall guarantee payments. (Pet. App. 18a.) Plaintiff no longer contests the exclusion of these revenue streams from his potential pool of recovery. (Pet. at 14 n.5.)

6. The streams of revenue excluded on this basis included Defendants' non-merchandise revenue and revenue from trading cards, video games, or game programs. (Pet. App. 20a.)

that although Defendants bore the burden of proof, they had presented sufficient evidence to show there were no issues of fact in dispute, and thus Plaintiff was required to demonstrate the existence of a material issue of fact that would forestall summary judgment. (Pet. App. 21a-23a.) Observing that Plaintiff "declined to respond to the summary judgment motions with any evidence at all, resting instead on his initial, and sole, evidentiary proffer: the total receipts generated by all NFLP and Ravens activities," the Fourth Circuit *unanimously* concluded that the District Court properly entered summary judgment in favor of Defendants with respect to the Remote Revenue. (Pet. App. 21a-22a.)

With respect to the District Court's jury instructions, a majority of the Panel (Judges Wilkinson and King) concluded that the District Court did not abuse its discretion because "the court made it eminently clear" to the jury "that the Ravens bore the burden of proof in the damages trial." (Pet. App. 24a.) The majority noted that the District Court properly instructed the jury on at least four separate occasions that Defendants bore the burden of proof. *Id.* Accordingly, the District Court's instructions "plainly informed the jury of the controlling legal principles." (Pet. App. 25a.) Judge Widener dissented on the sole basis that "the court never instructed the jury that they must presume all profits are attributable to the infringement unless the defendants prove otherwise." (Pet. App. 28a.) Notably, however, Judge Widener "agree[d] with the majority's conclusion that the district court correctly instructed the jury on the burden of proof." *Id.*

After the issuance of the Fourth Circuit's opinion, Plaintiff submitted a Petition for Rehearing *en banc* claiming, *inter alia*, that there was a split among the Circuits regarding the proper interpretation of Section 504(b) and that the jury

instructions issued by the District Court failed to comport with Fourth Circuit precedent. The Petition for Rehearing *en banc* was denied with only one Judge voting in favor of rehearing (Judge Widener) and the remaining 11 Judges voting against (one Judge recused herself). (Pet. App. 113a-114a.)

REASONS FOR DENYING THE PETITION

The Fourth Circuit's decision here is not in conflict with the decisions of other Circuits or with past rulings of this Court, but is instead firmly grounded on the precedent of this Court, common sense, and the "basic tenets of Rule 56 jurisprudence." (Pet. App. 11a.) Plaintiff's suggestion that summary judgment cannot be applied to a profits claim under Section 504(b) is directly contrary to the consensus decisions of this Court and the Circuit Courts, defies common sense, and would strip the trial courts of their traditional role as gatekeeper.

Moreover, the Fourth Circuit properly stated the existing rule of law relating to the apportionment of profits under Section 504(b), holding that the burden of proof remains squarely on the infringer. (Pet. App. 17a-18a.) As such, any error asserted by Plaintiff based on the Fourth Circuit's affirmation of the District Court's decision could only be based on a misapplication of a properly stated rule of law, a factor which weighs heavily against granting Plaintiff's Petition. Sup. Ct. R. 10.

A. The Fourth Circuit's Ruling on Summary Judgment is Consistent With the Law of Other Circuits

Plaintiff argues that the Fourth Circuit's decision is in conflict with both the Eighth Circuit's decision in *Andreas*, 336 F.3d 789, and the Ninth Circuit's decision in *Mackie*, 296 F.3d 909, as it purportedly requires a copyright owner to "prove that the infringing use caused an increase in the infringer's revenue," contrary to the plain meaning of Section 504(b). (Pet. at 12.) Plaintiff's argument is fundamentally flawed in three critical respects. First, there is no conflict in the Circuits, as each Circuit requires that a copyright owner establish a nexus between the gross revenue claimed and the infringing acts before he is entitled to collect profits pursuant to Section 504(b). Second, Plaintiff fails to recognize that the differing results in *Mackie*, *Andreas*, and *Bouchat* were driven by the evidence, not by a conflict of law between the Circuits. Third, Plaintiff's argument that Section 504(b) is a "statutory attribution" mandating a trial by jury under all circumstances fails to recognize that the presumption afforded by Section 504(b), by its nature, is rebuttable. As such, this presumption can be overcome by a properly supported motion for summary judgment. Plaintiff simply ignores his own failure to respond to Defendants' motion for summary judgment with any evidence or even logical argument sufficient to raise a genuine issue of material fact. (Pet. App. 21a-23a.) In sum, Plaintiff's claim that a jury *must* decide the amount of profit attributable to every revenue stream claimed by a copyright plaintiff would effectively prevent a District Court from *ever* using Fed. R. Civ. P. 56 to isolate and dispose of factually unsupported claims for profits asserted under Section 504(b) of the Copyright Act. Such a result would be contrary to the jurisprudence of this Court and the Circuit Courts, authorize the waste of judicial

resources, and improperly rewrite the plain language of the Copyright Act contrary to Congressional intent. Accordingly, the Petition should be denied.

1. The Circuit Courts Interpret Section 504(b) Uniformly and Consistent With the Plain Language of the Statute to Require a Copyright Owner to Establish a Nexus Between the Infringement and the Revenue Claimed

The Fourth Circuit's holding requiring Plaintiff to establish a "conceivable connection" between the revenue claimed and Defendants' use of the Flying B Logo is consistent with both the plain language of Section 504(b) of the Copyright Act and the precedent of other Circuit Courts.

As in any case of statutory construction, the analysis begins with the plain language of the statute. *Hughes Aircraft Co.* v. *Jacobson*, 525 U.S. 432 (1999). Section 504(b) provides in relevant part:

> The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are *attributable to the infringement* and are not taken into account in computing the actual damages.

17 U.S.C. § 504(b) (emphasis added). The statute explicitly states that a copyright owner is only entitled to recover profits that are "attributable to" the infringement. Thus, requiring a copyright plaintiff to establish a nexus or connection between the revenue he claims and the infringed work is entirely consistent with the statute's plain language.

Courts have consistently interpreted Section 504(b) in accordance with the plain language of the statute. The Fourth Circuit has long recognized that there are cases where not all of a copyright defendant's revenue streams are connected to the infringement. *Konor Enters., Inc.* v. *Eagle Publ'ns, Inc.*, 878 F.2d 138, 140 (4th Cir. 1989). In such cases, the Fourth Circuit has consistently held that it is appropriate for the trial court, as a matter of law, to exclude revenue unrelated to the infringing activity from the copyright plaintiff's potential pool of recovery. *Walker* v. *Forbes, Inc.*, 28 F.3d 409, 412-14 (4th Cir. 1994) (affirming district court's exclusion of advertising and subscription revenue prior to trial as a matter of law).

Other Circuits that have addressed this issue are in accord. For example, the Second Circuit has held that the term "infringer's gross revenue," as used in Section 504(b), should not be construed so broadly as to include revenue from lines of business that were unrelated to the act of infringement. *On Davis*, 246 F.3d at 160 (gross revenue under Section 504(b) means gross revenue attributable to the infringement). In cases where it is clear that not all profits are attributable to the infringement, it is not enough simply to show infringement and then seek all of the defendant's profits from whatever source. *Taylor*, 712 F.2d at 1122 (noting that "if General Motors were to steal your copyright and put it in a sales brochure, you could not just put a copy of General Motors' corporate income tax return in the record and rest your case for an award of infringer's profits"). Rather, copyright law decisions uniformly require that the plaintiff bears the burden of establishing a nexus between the infringement and the revenue claimed. *See, e.g.*, *Mackie*, 296 F.3d at 915 (plaintiff must establish a "sufficient causal link" between the infringement and the profits he seeks); *Andreas*,

336 F.3d at 799 (plaintiff must show nexus between revenue claimed and infringement); *Univ. of Colo. Found.*, 196 F.3d at 1375 (plaintiff has the burden to demonstrate a nexus between the infringement and certain profits before apportionment can occur). As such, the Fourth Circuit's interpretation of Section 504(b) is plainly consistent with the interpretations of Section 504(b) rendered by its sister Circuits and there is no conflict among the Circuits concerning the statutory formula for apportioning profits thereunder.

Plaintiff's claim that traditional tort principles of causation should not apply to Section 504(b) because that would encourage "efficient infringement" is misguided. (Pet. at 17.) In *Walker*, the case cited by Plaintiff in support of this argument, the Fourth Circuit merely noted that tort law is not strictly adhered to in one limited aspect of copyright law; that is, a plaintiff is permitted to recover a defendant's revenue even if it would result in a windfall to plaintiff, thus discouraging cases of "efficient infringement." *Walker*, 28 F.3d at 412. There is nothing in *Walker* even remotely suggesting that a copyright plaintiff can recover profits that are entirely unrelated to the infringement or that traditional summary judgment standards should not apply. [7]

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7. Moreover, this argument defies common sense. The remedies available under the Copyright Act (claims for profits, actual damages, statutory damages and attorneys fees), coupled with the burdens associated with litigation (including litigation expenses and the waste of management resources), provide substantial in *terrorem* effect to discourage infringement. The result in this case, as discussed throughout this submission and as determined by both the District Court and the Fourth Circuit, turned on nothing more than a failure of proof.

Moreover, Plaintiff's argument is contrary to this Court's express recognition that a copyright plaintiff is not entitled to recover any profits that are attributable to the goodwill and efforts of defendants. *See, e.g., Sheldon*, 309 U.S. at 408 ("Equity is concerned with making a fair apportionment so that neither party will have what justly belongs to the other.") In *Sheldon*, which involved the defendants' unauthorized use of plaintiff's screenplay in the creation of a motion picture, this Court held that the profits from defendants' motion picture derived primarily from "the talent and popularity of the [ ] stars . . . the artistic conceptions, and in the expert supervision and direction of the various processes which made possible the composite result with its attractiveness to the public." *Id.* at 407. Plaintiff argues that the Fourth Circuit's decision is somehow unfair because it would allow a star like Madonna to argue that, "regardless of whose song she might have sung, she would have generated the same revenues." (Pet. at 18.) However, that is precisely the argument that this Court in *Sheldon* countenanced – that it is Madonna's "star power" that drives consumers to purchase her music rather than any hypothetically infringed lyrics.[8] It is not difficult to envision that a plaintiff suing Madonna for infringement of song lyrics would argue that there is a conceivable connection between a consumer's desire to purchase a song and the creativity of the lyrics. In that case, a jury determination of the amount of the contribution would be appropriate. Here, however, the District Court merely

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8. Plaintiff's reliance on *Bleistein* v. *Donaldson Lithographing Co.*, 188 U.S. 239 (1903) is misplaced. In *Bleistein*, the Court held that chromolithographs used in connection with circus advertisements were subject to copyright protection. *Id.* at 252. The issue in *Bleistein* was whether the works at issue were proper subjects of copyright protection, not whether there was a causal connection between the use of the work and the defendant's profits.

concluded that Plaintiff failed to offer a plausible connection between certain revenue streams, such as stadium parking, and the infringed logo and that summary judgment was, therefore, appropriate. To complete the picture, the hypothetical lyricist whose work is infringed by Madonna can also seek to recover actual damages and statutory damages, remedies which plaintiff declined to seek at trial. The Copyright Act's damages provisions, in combination, operate to fully protect those artists who prove that their works are worthy of protection. Plaintiff's failure to seek certain types of damages and failure to offer sufficient evidence to support his claim to profits does not justify an entirely new – and unsupportable – interpretation of the Copyright Act.

2. The Fourth Circuit's Decision Is in Accord With Eighth and Ninth Circuit Jurisprudence

Plaintiff's claim that the Fourth Circuit's decision here conflicts with the Eighth Circuit's ruling in *Andreas* or the Ninth Circuit's ruling in *Mackie* is simply unfounded. Both *Andreas* and *Mackie* expressly recognize that before a copyright owner can recover profits under Section 504(b), the copyright owner must "first establish some connection or relationship between the infringement and the profits he seeks." *Andreas*, 336 F.3d at 799; *Mackie*, 296 F.3d at 914. Thereafter, as here, the respective results were driven by the evidence.

In *Mackie*, the Ninth Circuit found that the copyright owner failed to present "any non-speculative evidence that would even suggest a link" to the infringement and thus affirmed the District Court's decision to grant summary judgment in favor of defendant. *Mackie*, 296 F.3d at 916

("[W]e conclude that Mackie has not proffered non-speculative evidence that is sufficient to create a triable issue of fact.") In *Andreas*, the Eighth Circuit distinguished *Mackie* on the facts, noting in particular that Plaintiff introduced evidence showing that the infringing commercials received high ratings on surveys that assessed consumer recall of the commercials and that defendant Audi paid a substantial bonus based on the success of the commercials. *Andreas*, 336 F.3d at 797. The Eighth Circuit concluded therefore that plaintiff had presented sufficient evidence of a nexus between the infringing acts and the revenue claimed to support the jury's verdict in that case. *Id.* Thus, there is not a conflict among the Eighth and Ninth Circuits as to the meaning of Section 504(b).

The *Bouchat* decision is in accord with both *Mackie* and *Andreas*. As to certain lines of revenue (revenue attributable to so-called free merchandise and minimum guarantee shortfall payments), the Fourth Circuit found that there was no "conceivable connection" between Defendants' use of the logo and the profits claimed by Plaintiff.[9] (Pet. App. 20a.) Otherwise put, the Fourth Circuit affirmed the District Court's decision to exclude revenue attributable to free merchandise and minimum guarantee shortfall payments from Plaintiff's potential pool of recovery because there was no nexus between such revenue and the Defendants' use of the infringing work. *See, e.g.*, *Andreas*, 336 F.3d at 796, and *Mackie*, 296 F.3d at 915. Plaintiff apparently does not contest this ruling. (Pet. at 14 n.5.) Plaintiff only appears to contest

9. Specifically, the Fourth Circuit observed that "[t]he levels of each licensee's minimum guarantee and free merchandise obligation were established, *ex ante*, by the terms of the licensee's contract with NFLP; neither figure could fluctuate in response to consumer behavior." (Pet. App. 19a.)

the remainder of the trial court's summary judgment rulings which dealt with Plaintiff's failure to raise a genuine issue of material fact, an issue that clearly was not addressed in *Andreas* or *Mackie*. Yet in ruling on these issues, the trial court merely applied settled summary judgment principles in accord with its affirmative obligation to prevent factually unsupported claims from proceeding to trial. (Pet. App. 23a); *Sibley* v. *Lutheran Hosp. of Md., Inc.*, 871 F.2d 479, 483 (4th Cir. 1989).

Plaintiff's attempt to argue that there is conflict among *Andreas*, *Mackie*, and *Bouchat* based on the treatment of indirect profits under Section 504(b) is a red herring. (Pet. at 12.) The Fourth Circuit did not ground its decision on a categorization of profits as "direct" or "indirect." Instead, the Fourth Circuit addressed the summary judgment issues in a two-step process, first considering whether there was a conceivable connection or nexus between the revenue claimed and the profits at issue and, if so, whether there was a genuine issue of material fact with respect to Plaintiff's claim to such revenue. (Pet. App. 18a.) Accordingly, *Bouchat* did not turn on whether the revenue at issue was "direct" or "indirect," but rather the failure of Plaintiff to present any evidence to raise a genuine issue of material fact as to certain lines of Defendants' profits. In so doing, the Fourth Circuit correctly noted that the Ninth Circuit's decision in *Mackie* fully comported with the Fourth Circuit's "summary judgment jurisprudence". (Pet. App. 14a.) Thus, the Fourth Circuit did not "expand," contrary to Plaintiff's argument, the Ninth Circuit's holding in *Mackie* to direct profits. (Pet. at 13.) Rather, the Fourth Circuit merely applied traditional summary judgment rules in the copyright context.

Plaintiff's claim that the Fourth Circuit's decision apportioned "all commercial value in favor of Respondents as a matter of law" is likewise unsupported.[10] (Pet. at 18.) As to revenue attributable to sales of licensed merchandise, Plaintiff did indeed present his claim to a jury, arguing that his artwork had some commercial impact on the sale of merchandise bearing the subject logo created by Plaintiff. Having submitted no evidence to support this claim, it is not surprising that the jury ultimately rejected it; Plaintiff cannot complain, however, that he did not have an opportunity to present his case to a jury.

In any event, neither the District Court nor the Fourth Circuit ruled that the Flying B Logo lacked commercial value. Rather, the rulings were based on Plaintiff's failure to present *any* evidence showing a connection between certain streams of revenue that he claimed and the Flying B Logo. (Pet. App. 79a.) These well-reasoned rulings were based on long-standing legal principles and were consistent with the findings of a unanimous jury. As such, Plaintiff's claim that the District Court held as a matter of law that Plaintiff's work had no commercial value is baseless.

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10. Plaintiff's reliance on *Harper & Row, Publishers, Inc.* v. *Nation Enters.*, 471 U.S. 539 (1985) does not support his claim. *Harper & Row* involved whether a magazine's unauthorized publication of verbatim quotes from President Ford's memoirs constituted fair use – an issue not even remotely connected to this proceeding. The language cited by Plaintiff refers to the Court's analysis of the third fair use factor, not to any damages issue. Further, Plaintiff's cause is not supported by *Herbert* v. *Shanley Co.*, 242 U.S. 591 (1917). The issue in *Herbert* was whether the performance of a copyrighted musical composition in a restaurant without charging for admission constituted an infringement. The Court did not consider the extent to which the copyrighted musical composition contributed to defendant's profits. *Id.* at 593.

3. The Fourth Circuit's Decision Properly Recognized Section 504(b)'s Rebuttable Presumption

The Fourth Circuit's ruling that Section 504(b) creates an "initial presumption" in favor of the successful copyright plaintiff does not conflict with existing case law. (Pet. at 14.) Even the cases cited by Plaintiff recognize that the presumption created by Section 504(b) is "rebuttable," and thus the defendant may overcome this presumption by producing evidence of a lack of a causal connection between the revenue and the work at issue.[11] (Pet. at 3); *see, e.g.*, (Pet. App. 29a) (Widener, J. dissenting) (presumption in Section 504(b) is "rebuttable"); *Andreas*, 336 F.3d at 796 (citing with approval District Court finding that Section 504(b) creates a "rebuttable presumption"). The Fourth Circuit's ruling makes good sense – interpreting Section 504(b)'s presumption as permanent or conclusive, as Plaintiff suggests, would strip the District Court of its crucial function as a gatekeeper against the trial of baseless claims.[12]

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11. Plaintiff's claim that the word "only" as used in Section 504(b) automatically creates an issue of fact for the jury is untenable. (Pet. at 17.) The term gross revenue as used within Section 504(b) means gross revenue attributable to the infringement. *On Davis*, 246 F.3d at 160.

12. Such an "initial presumption" is consistent with the notion that Section 504(b) shifts the burden of proof from a successful copyright plaintiff to the defendant to show that the defendant's profits are not attributable to the infringement. Indeed, the Fourth Circuit properly noted that the burden remained on Defendants here. (Pet. App. 17a-18a.) ("504(b) places on the infringer the burden of proving that the revenues are not attributable to the infringement. . . ."); *see also Konor*, 878 F.2d at 140 (observing that

(Cont'd)

Plaintiff claims that the Fourth Circuit's holding that Section 504(b) provides only an initial presumption "eviscerates" the plain meaning of Section 504(b). (Pet. at 16.) To this end, Plaintiff argues (without a single citation) that the presumption afforded by Section 504(b) automatically creates a "statutory attribution," a material issue of fact that cannot be overcome and that can only be decided following a trial by jury. (Pet. at 17.) Plaintiff's argument simply ignores that summary judgment is an integral part of the Federal Rules intended to provide for the just, and speedy determination of factually unsupported claims. Indeed, this Court has stated that

> The Federal Rules of Civil Procedure have for almost 50 years authorized motions for summary judgment upon proper showings of the lack of a genuine, triable issue of material fact. Summary judgment procedure is properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed 'to secure the just, speedy and inexpensive determination of every action.'

Celotex Corp. v. *Catrett*, 477 U.S. 317, 327 (1986) (citations omitted). As the Fourth Circuit explained, "[Section 504(b)] does not exempt the copyright plaintiff from the requirement of Rule 56 that he respond to a properly supported motion for summary judgment" by setting forth specific evidence showing a genuine issue of material fact. (Pet. App. 15a.)

(Cont'd)

Section 504(b) explicitly allocates the burden of proof to the defendant in connection with a successful copyright plaintiff's claim for profits). However, summary judgment is regularly granted to parties bearing the burden of proof. Fed. R. Civ. P. 56(a); *Drewitt* v. *Pratt*, 999 F.2d 774, 778-79 (4th Cir. 1993).

Plaintiff wrongly claims that the Fourth Circuit "conflated" the burden to present proof identifying the lines of revenue related to Defendants' use of the Flying B Logo with those "concerning the burden to demonstrate the absence of a causal connection between the infringement and the revenue." (Pet. at 14-15.) The Fourth Circuit very clearly segregated the lines of revenue that bore a "conceivable connection" to the Flying B Logo, from those that did not. *See, e.g.*, (Pet. App. 18a.) As for those lines of revenue that bore a conceivable connection to the Flying B Logo, the Fourth Circuit plainly held that the burden was on the Defendants to prove that such revenue was not attributable to Defendants' use of the Flying B Logo.

If anything, it is Plaintiff, rather than the Fourth Circuit, who is guilty of improper "conflation." Specifically, Plaintiff has attempted to support his Petition by "conflating" his burden of proving the existence of a genuine issue of material fact to survive a summary judgment motion with the allocation to Defendants of the burden of proving that factors other than the infringement contributed to profits under Section 504(b). (Pet. at 14-15.) The Defendants offered proof that there was no disputed issue of material fact with respect to certain remote revenue streams claimed by Plaintiff, which in time-honored fashion shifted the burden to Plaintiff to show that an issue of material fact did exist. (Pet. App. 21a) (citing *Matsushita Elec. Indus. Co., Ltd.* v. *Zenith Radio Corp.*, 475 U.S. 574, 586-87 (1986)). In the end, Plaintiff's claims of conflict among the Circuits and "conflation" by the Fourth Circuit is a transparent attempt to conceal his failure to present any proof warranting a trial under Section 504(b).

B. The District Court's Jury Instructions Adequately Informed The Jury of the Controlling Law

The District Court's jury instructions are not an appropriate subject for this Court's review as they do not present a Circuit conflict, a conflict with this Court's precedent or a matter of grave concern.

While Plaintiff claims Judge Widener found error in the District Court's interpretation of controlling law, (Pet. at 20), Judge Widener actually claims only an abuse of discretion, not an error of law, in the District Court's failure to include a specific charge given to the jury in *Walker* that profits should be deemed attributable to the infringement unless the defendant proves otherwise. *Walker*, 28 F.3d at 414.

The "omission" of this specific charge from *Walker* is, at worst, decidedly harmless, as the District Court consistently and repeatedly made it clear to the jury that Defendants bore the burden of proof as to the apportionment of any profits. The panel majority correctly observed that the District Court instructed the jury no less than four times[13] that Defendants bore the burden, and the dissent agreed that the jury was appropriately instructed on this point.

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13. (Pet. App. 24a) ("*See, e.g.*, J.A. 563-65 (stating to jury, at the outset of trial, that '[i]n this case, the burden of proof is on the *defendants* to prove the extent to which the revenue derived from the sale of these products is attributable to factors other than the artwork of the Flying B logo' . . .) J.A. 903 (instructing jury immediately prior to deliberations that '[t]he case is about whether on the evidence the defendants [who have the burden of proof] have carried their burden of proof . . . On those questions the *defendants* have the burden of proof by a preponderance of the evidence.') (emphasis added)")

(Pet. App. 24a) ("[T]he court made it eminently clear in its instructions that the Ravens were obliged to shoulder the burden of proof."); (Pet. App. 28a) (dissent in accord).[14] The Court also provided a detailed explanation of the meaning of this burden, and that if Defendants did not satisfy it, Plaintiff would prevail. (JA 912-13 ("[A]s stated in each question, the defendants have the burden of proof by a preponderance of the evidence . . . if the scale tips even a little bit for the plaintiff, the defendants have not carried the burden of proof.").) In short, the substance of the *Walker* charge was employed although given in a different form better suited to the circumstances of this case.

The trial court also addressed the First Circuit's concerns regarding the jury instructions at issue in *Data General Corp.* v. *Grumman Sys. Support Corp.*, 36 F.3d 1147 (1st Cir. 1994). In *Data General*, the First Circuit was concerned that the district court instructed the jury to include among infringer's profits those revenues attributable to the infringement without providing the jury with the proper sufficient context on how to conduct the apportionment. *Id.* at 1173-77. Unlike in *Data General*, the District Court here provided a richly detailed set of instructions that provided the jury sufficient context to consider the issues, including a definition of "attribution" to ensure clarity. In sum, there is no conflict whatsoever.

Accordingly, Plaintiff has failed to present a compelling reason for this Court to grant the Petition with respect to the jury instructions.

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14. This point was further emphasized on the verdict form. Each of the questions on the form asked whether "Defendants [had] proven, by a preponderance of the evidence" the issue in dispute. (Pet. App. 118a-119a.)

CONCLUSION

For the reasons set forth above, Defendants respectfully submit that the Petition should be denied.

Respectfully submitted,

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